

days after the last day of the oral auction.

[53 FR 22843, June 17, 1988, as amended at 70 FR 58875, Oct. 7, 2005]

**§ 3120.5-3 Award of lease.**

(a) A bid shall not be withdrawn and shall constitute a legally binding commitment to execute the lease bid form and accept a lease, including the obligation to pay the bonus bid, first year's rental, and administrative fee. Execution by the high bidder of a competitive lease bid form approved by the Director constitutes certification of compliance with subpart 3102 of this title, shall constitute a binding lease offer, including all terms and conditions applicable thereto, and shall be required when payment is made in accordance with §3120.5-2(b) of this title. Failure to comply with §3120.5-2(c) of this title shall result in rejection of the bid and forfeiture of the monies submitted under §3120.5-2(b) of this title.

(b) A lease shall be awarded to the highest responsible qualified bidder. A copy of the lease shall be provided to the lessee after signature by the authorized officer.

(c) If a bid is rejected, the lands shall be reoffered competitively under this subpart with any noncompetitive offer filed under §3110.1(a) of this title retaining priority, provided no bid is received in an oral auction.

(d) Issuance of the lease shall be consistent with §3110.7 (a) and (b) of this title.

**§ 3120.6 Parcels not bid on at auction.**

Lands offered at the oral auction that receive no bids shall be available for filing for noncompetitive lease for a 2-year period beginning the first business day following the auction at a time specified in the Notice of Competitive Lease Sale.

**§ 3120.7 Future interest.**

**§ 3120.7-1 Nomination to make lands available for competitive lease.**

A nomination for a future interest lease shall be filed in accordance with this subpart.

**§ 3120.7-2 Future interest terms and conditions.**

(a) No rental or royalty shall be due to the United States prior to the vesting of the oil and gas rights in the United States. However, the future interest lessee shall agree that if, he/she is or becomes the holder of any present interest operating rights in the lands:

(1) The future interest lessee transfers all or a part of the lessee's present oil and gas interests, such lessee shall file in the proper BLM office an assignment or transfer, in accordance with subpart 3106 of this title, of the future interest lease of the same type and proportion as the transfer of the present interest, and

(2) The future interest lessee's present lease interests are relinquished, cancelled, terminated, or expired, the future interest lease rights with the United States also shall cease and terminate to the same extent.

(b) Upon vesting of the oil and gas rights in the United States, the future interest lease rental and royalty shall be as for any competitive lease issued under this subpart, as provided in subpart 3103 of this title, and the acreage shall be chargeable in accordance with §3101.2 of this title.

**§ 3120.7-3 Compensatory royalty agreements.**

The terms and conditions of compensatory royalty agreements involving acquired lands in which the United States owns a future or fractional interest shall be established on an individual case basis. Such agreements shall be required when leasing is not possible in situations where the interest of the United States in the oil and gas deposit includes both a present and a future fractional interest in the same tract containing a producing well.

[53 FR 22843, June 17, 1988]

**PART 3130—OIL AND GAS LEASING: NATIONAL PETROLEUM RESERVE, ALASKA**

NOTE: The information collection requirements contained in part 3130 have been approved by the Office of Management and Budget under 44 U.S.C. 3507 and assigned clearance number 1004-0067. The information